

State of Kansas

Department of Revenue Division of Property Valuation

Notice of Hearing on Proposed Administrative Regulations

A public hearing will be conducted at 10 a.m., September 5, 2014, in the office of the Director of Property Valuation, 4th Floor, Docking State Office Building, 915 S.W. Harrison Street, Topeka, Kansas 66612-1585, to consider amendments to K.A.R. 93-4-2, 93-4-3, 93-4-4, 93-4-5 and 93-4-6, rules and regulations of the Secretary of Revenue pertaining the Kansas real estate ratio study act.

This 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed amendments. All interested parties may submit written comments prior to the hearing to Pete Davis, Ratio Study Supervisor, Division of Property Valuation, 4th Floor, Docking State Office Building, 915 S.W. Harrison Street, Topeka, Kansas 66612-1585 (pete.davis@kdor.ks.gov).

All interested parties will be given a reasonable opportunity to present their views, orally or in writing, concerning the adoption of the proposed amendments during the hearing. In order to give all persons an opportunity to present their views, it may be necessary to request each participant to limit any oral presentations to five minutes.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request the proposed amendments and economic impact statement in an accessible format. Request for accommodation to participate in the hearing should be made at least five working days in advance of the hearing by contacting Pete Davis at (785) 296-2365. Handicapped parking is located in State Parking Lot No. 2, southeast of the Docking State Office Building facing 10th Street, and the east entrance to the Docking State Office Building is accessible.

A summary of the proposed amendments and their economic impact follows:

93-4-2. Annotation and disposition of real estate sales validation questionnaires; duties of county officials. This regulation is revised to require register of deeds to annotate each real estate sales validation questionnaire with the type of instrument being recorded. Additionally, it is revised to allow register of deeds to retain a one-part real estate sales validation questionnaire when the register of deeds has been authorized by the director of property valuation to process questionnaires by electronic imaging and to allow an electronic copy to be retained if questionnaires are received by means of digital media transmission and

retained in an electronic document management system. The costs are currently borne by counties and there will be no additional costs as a result of this revision. Handling documents digitally may represent a cost savings to many counties. There will be no economic impact on the general public.

93-4-3. Split and combined real estate parcel sales; duties of county officials. This regulation is revised to require county appraisers to enter sales information regarding a split or combined real estate sale on the parent parcel when the real estate sales validation is received prior to the creation of working files for the next appraisal year. After the creation of working files for the next appraisal year, the county appraiser is required to enter sales information in the county's computer-assessed mass appraisal system. The costs are currently borne by counties and there will be no additional costs as a result of this revision. There will be no economic impact on the general public.

93-4-4. Assemblage and entering of sales data; accounting for real estate sales validation questionnaires; duties of county officials. This regulation is revised to require county appraisers to electronically upload the recorded monthly sales data from the county's computer-assisted mass appraisal system to the current year's ratio study database at the division of property valuation, not later than the 15th day of the following month. Also, it is revised to require county appraisers to submit the complete set of sales validation questionnaire documents recorded in the previous month to the director of property valuation or the director's agents or, alternatively, to electronically upload the complete set of recorded monthly sales as digital image files to the sales validation questionnaire database at the division of property valuation. The costs are currently borne by counties and there will be no additional costs as a result of this revision. Handling documents digitally may represent a cost savings to many counties. There will be no economic impact on the general public.

93-4-5. Access to county records by the director of property valuation; duties of county officials. This regulation is revised to require county appraisers to prepare and submit the electronic assessment administration file of all appraised values to the director of property valuation not later than three business days after the mailing of the annual real property valuation notices. The costs are currently borne by counties and there will be no additional costs as a result of this revision. There will be no economic impact on the general public.

93-4-6. Performance standards. Table 2-3 of the standard on ratio studies approved by the executive board of the international association of assessing officers in April 2013, is adopted with modifications. The table is modified to require the coefficient of dispersion to have a range of 5.0 to 20.0, with a confidence level of 95 percent. As modified, the table sets forth the uniformity standards that county appraisers are required to maintain in valuing property for ad valorem property tax purposes. The costs are currently borne by counties and there will be no additional costs as a result of this revision. There will be no economic impact on the general public.

Copies of the proposed amendments and the associated economic impact statements may be obtained from the Division of Property Valuation or may be accessed from the Division's website at <http://www.ksrevenue.org/pvd.html>.

Nick Jordan
Secretary of Revenue

ECONOMIC IMPACT STATEMENT

This is a single economic impact statement for proposed amendments to permanent regulations 93-4-2, 93-4-3, 93-4-4, 93-4-5 and 93-4-6. These regulations are required by K.S.A. 79-1491.

- I. **BRIEF DESCRIPTION OF PROPOSED REGULATIONS AND THEIR INTENDED EFFECT:** K.A.R. 93-4-2, 93-4-3, 93-4-4, 93-4-5 and 93-4-6 establish procedures and timelines for processing real estate sales validation questionnaires required by K.S.A. 79-1437c. The procedures include the annotation, retention and distribution of the various copies of the questionnaires. The timelines establish deadlines for the distribution of the various copies of the questionnaires and require the entry of sales information from the questionnaires into the county's computer-assisted appraisal system and the ratio study database in the division of property valuation. In addition, these regulations instruct county appraisers on the processing of sales information on split and combined real estate parcel sales and give the director of property valuation and the director's agents access to the county's computer-assisted appraisal system for the purpose of generating and printing reports and preparing data files for electronic extraction of sales information on a monthly basis. Table 2-3 of the standard on ratio studies approved by the executive board of the international association of assessing officers in April 2013, is adopted with modifications. The table is modified to require the coefficient of dispersion to have a range of 5.0 to 20.0, with a confidence level of 95 percent. As modified, the table sets forth the uniformity standards that county appraisers are required to maintain in valuing property for ad valorem property tax purposes.
- II. **WHETHER OR NOT THE PROPOSED REGULATIONS ARE MANDATED BY FEDERAL LAW AS A REQUIREMENT FOR PARTICIPATION IN OR IMPLEMENTING A FEDERALLY SUBSIDIZED OR ASSISTED PROGRAM:** No.

- III. WHETHER THE PROPOSED REGULATIONS EXCEED THE REQUIREMENTS OF APPLICABLE FEDERAL LAW: N/A.
- IV. DESCRIPTION OF THE COST, THE PERSONS WHO WILL BEAR THE COST, AND THOSE WHO WILL BE AFFECTED BY THE PROPOSED REGULATIONS: No additional cost will be incurred by these regulations because they adopt existing procedures. Handling documents digitally may represent a cost savings to many counties. These regulations impact registers of deeds and the county appraisers.
- V. A DESCRIPTION OF ANY LESS COSTLY OR LESS INTRUSIVE METHODS THAT WERE CONSIDERED BY THE STATE AGENCY FOR ACHIEVING THE STATED PURPOSE OF THE REGULATIONS AND THE REASONS THAT THOSE METHODS WERE REJECTED IN FAVOR OF THE PROPOSED REGULATIONS: The only thing that would make these regulations less intrusive would be to allow more time for processing the real estate sales validation questionnaires; however, such delay would be damaging to the review of the accuracy of property appraisals which depend on the prompt processing of real estate sales information. Consequently, allowing more processing time was rejected.
- VI. SUMMARY: These regulations will not impact the revenue of cities, counties or school districts.

93-4-2. Annotation and disposition of real estate sales validation

questionnaires; duties of county officials. (a) Not later than three business days after the receipt of a three-part real estate sales validation questionnaire, the register of deeds shall annotate each copy with the following information:

- (1) The volume and page entry from the general index, indicating where the deed, instrument, or affidavit of equitable interest that accompanies it is recorded;
- (2) the county official validation number; ~~and~~
- (3) the type of instrument; and
- (4) the recording date.

The register of deeds shall ~~then~~ retain the original copy and forward the county appraiser's copy and the director of property valuation's copy to the county appraiser. Not later than three business days after the receipt of the county appraiser's and the director's copies, the county appraiser shall enter the parcel identification number on both paper copies of each real estate sales validation questionnaire received from the register of deeds.

(b) The register of deeds ~~shall retain the original copy, but an electronic copy may be retained instead~~ may accept a one-part real estate sales validation questionnaire when ~~the register of deeds has been~~ authorized by the director of property valuation to process real estate sales validation questionnaires by electronic imaging. An electronic

copy may be accepted by the register of deeds if questionnaires are received by means of digital media transmission and retained in an electronic document management system.

~~(b) Not later than three business days after the receipt of the county appraiser's and the director's copies, the county appraiser shall enter the parcel identification number on both copies.~~ (Authorized by K.S.A. 79-1491; implementing K.S.A. 79-1487 and 79-1488; effective June 26, 1998; amended P-_____.)

93-4-3. Split and combined real estate parcel sales; duties of county officials.

Not later than 10 business days after the receipt of a real estate sales validation

questionnaire concerning the sale of a split real estate parcel sale parcel or a parcel to be combined with one or more parcels, the county appraiser shall perform one of the following:

(a) On or after January 1 of the current appraisal year and before the creation of working files for the next appraisal year, enter the sales information on the parent parcel record in the county's computer-assisted mass appraisal system; or

(b) on or after the creation of working files for the next appraisal year and before January 1 of the next appraisal year, enter the sales information on the split or combined parcel record in the county's computer-assisted mass appraisal system ~~after the transmission of the real property appraisal has been completed pursuant to K.S.A. 79-1466, and amendments thereto.~~ (Authorized by K.S.A. 79-1491; implementing K.S.A. 79-1487; effective June 26, 1998; amended P-_____.)

93-4-4. Assemblage and entering of sales data; accounting for real estate sales validation questionnaires; duties of county officials. (a) Not later than the 10th day of each month, the county appraiser shall assemble and enter into the county's computer-assisted mass appraisal system the sales data pertaining to ~~sales that occurred~~ property transfers that were recorded on or before the last day of the preceding month, as obtained from the real estate sales validation questionnaires received from the register of deeds.

(b) The county appraiser shall meet the following requirements:

(1) Account for all real estate sales validation questionnaires by entering sales information from all questionnaires into the ~~data base~~ database fields in the county's computer-assisted mass appraisal system.~~The county appraiser shall;~~

(2) maintain in a void file those questionnaires that cannot be matched with a parcel of real estate, those that contain information that cannot be entered in the county's computer-assisted mass appraisal system, and those that were not required by K.S.A 79-1437e, and amendments thereto;

(3) electronically upload the recorded monthly sales data from the county's computer-assisted mass appraisal system to the current year's ratio study database at

the division of property valuation, not later than the 15th day of the following month;
and

(4) perform one of the following, not later than the 15th day of the following month:

(A) Submit the complete set of sales validation questionnaire documents recorded in the previous month to the director of property valuation or the director's agents; or

(B) electronically upload the complete set of recorded monthly sales as digital image files that meet specified file-naming conventions, resolution, and format

standards to the sales validation questionnaire database at the division of property valuation. (Authorized by K.S.A. 79-1491; implementing K.S.A. 79-1487 and 79-1488; effective June 26, 1998; amended P-_____.)

93-4-5. Access to county records by the director of property valuation; duties of county officials. (a) The county shall make its computer-assisted mass appraisal system available to the director of property valuation and the director's agents, to generate and print reports and to prepare data files to enable the electronic extraction of sale information on a monthly basis.

(b) ~~Upon written request by the director of property valuation,~~ The county appraiser shall prepare and transmit the electronic assessment administration file of all appraised values to the director not later ~~than 10~~ than three business days after the ~~receipt of the request~~ mailing of the annual valuation notices pursuant to K.S.A. 79-1460, and amendments thereto.

(c) ~~The county appraiser shall maintain extracted sales files in the county's computer file library for at least 15 business days before being deleted or erased.~~

(Authorized by K.S.A. 79-1491; implementing K.S.A 79-1487; effective June 26, 1998; amended P-_____.)

93-4-6. Performance standards. Table 2-3 of the "standard on ratio studies," adopted by the executive board of the international association of assessing officers in ~~July 1999~~ April 2013, is hereby adopted by reference and shall constitute the ~~minimum~~

~~standard for the design, preparation, and use of the ratio study. The performance standards, summarized in table 7 of the "standard on ratio studies," shall be~~
performance standards used to evaluate the appraisal of residential and commercial and industrial real estate, ~~except that.~~ However, the coefficient of dispersion shall ~~be 20 or less~~ have a range of 5.0 to 20.0, with a level of confidence interval of 95 percent.

(Authorized by K.S.A. 79-1491; implementing K.S.A. 79-1485, 79-1486, 79-1487, and 79-1488, K.S.A. 2013 Supp. 79-1489, K.S.A. 79-1490, 79-1492, and 79-1493; effective June 26, 1998; amended April 20, 2001; amended P-_____.)